

# **LSU at Alexandria Foundation, Inc.**

**Alexandria, Louisiana**

**June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 25 2012**



**PAYNE, MOORE & HERRINGTON, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

**LSU at Alexandria Foundation, Inc.  
June 30, 2011**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

**Independent Auditor's Report**

The Board of Directors  
LSU at Alexandria Foundation, Inc.

We have audited the accompanying consolidated statement of financial position of LSU at Alexandria Foundation, Inc., (a nonprofit organization) and subsidiaries as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from LSU at Alexandria Foundation, Inc.'s 2010 financial statements and, in our report dated November 18, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the LSU at Alexandria Foundation, Inc. and affiliates as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of LSU at Alexandria Foundation, Inc. taken as a whole. The accompanying schedules 1-7 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

*Payne, Moore & Herrington, LLP*

Certified Public Accountants

November 22, 2011

MARVIN A. JUREAN, C.P.A.  
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DEBORAH R. DOWN, C.P.A.



**LSU at Alexandria Foundation, Inc.**  
**Consolidated Statements of Financial Position**  
**June 30, 2011 and 2010**

**Exhibit A**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,398,626	\$ 1,143,768
Accounts receivable		14,880
Pledges receivable and unconditional promises to give, net	59,746	652,881
Tenant receivables, net	65,900	67,671
Other receivables	9,477	
Prepaid expenses	10,303	2,685
Inventory	30,885	266
Total Current Assets	<u>1,574,937</u>	<u>1,882,151</u>
<b>Investments</b>	14,261,325	11,549,485
<b>Beneficial Interest in Net Assets of Central LA Community Foundation</b>	1,354,478	1,185,514
<b>Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	11,114,202	11,676,417
<b>Art Collection</b>	2,700,595	2,605,795
<b>Long-Term Unconditional Promises to Give</b>	14,400	41,336
<b>Bond Issuance Costs, Net of Accumulated Amortization</b>	440,962	458,426
<b>Other Assets</b>	<u>250</u>	<u>250</u>
<b>Total Assets</b>	<u><u>\$ 31,461,149</u></u>	<u><u>\$ 29,399,374</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 131,552	\$ 123,327
Note payable - line of credit		29,835
Accrued interest payable	126,245	127,652
Bonds payable	150,000	130,000
Rental deposits	32,711	33,952
Deferred revenues	49,390	7,090
Other accrued expenses	62,233	5,188
Total Current Liabilities	<u>552,131</u>	<u>457,044</u>
<b>Other Liabilities</b>		
Bonds payable	11,515,000	11,665,000
<b>Net Assets</b>		
Unrestricted	7,510,702	5,912,368
Temporarily restricted	5,606,945	5,335,924
Permanently restricted	6,276,371	6,029,038
Total Net Assets	<u>19,394,018</u>	<u>17,277,330</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 31,461,149</u></u>	<u><u>\$ 29,399,374</u></u>

The accompanying notes are an integral part of the financial statements.

**LSU at Alexandria Foundation, Inc.**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2011 and 2010**

Exhibit B

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>					
Contributions	\$ 46,857	\$ 67,706	\$ 228,343	\$ 342,906	\$ 1,112,524
Interest and dividends	47,109	442,000	8,990	498,099	387,763
Noncash support	124,398	-	10,000	134,398	41,146
Memberships	3,990	-	-	3,990	9,785
Program fees	18,761	-	-	18,761	13,036
Student housing income	1,125,296	-	-	1,125,296	1,071,866
Fundraising	124,435	177,926	-	302,361	32,990
Unrealized/realized gain on investments	1,789,342	-	-	1,789,342	1,188,377
Baseball/Softball athletic boosters	-	7,038	-	7,038	74,348
Other income and support	111,414	-	-	111,414	69,340
Net assets released from restrictions	423,649	(423,649)	-	-	-
<b>Total Revenues, Gains, and Reclassifications</b>	<b>3,815,251</b>	<b>271,021</b>	<b>247,333</b>	<b>4,333,605</b>	<b>4,001,175</b>
<b>Expenses</b>					
<b>Program expenses:</b>					
Foundation:					
Baseball/Softball athletic boosters	14,626	-	-	14,626	75,122
Fundraising	61,741	-	-	61,741	3,750
Investment management fees	138,997	-	-	138,997	138,649
Miscellaneous	-	-	-	-	128
Office supplies	5,347	-	-	5,347	1,562
Official functions	32,505	-	-	32,505	45,806
Operating services	9,031	-	-	9,031	4,289
Professional services	20,195	-	-	20,195	32,754
Professorships	39,158	-	-	39,158	27,368
Registration fees	-	-	-	-	1,438
Staffing services	15,262	-	-	15,262	5,708
Scholarships and awards	91,400	-	-	91,400	95,505
Supplies	-	-	-	-	6,040
Travel	648	-	-	648	13,055
Museum:					
Administration	108,737	-	-	108,737	114,939
Education	10,544	-	-	10,544	6,103
Exhibits	42,446	-	-	42,446	16,466
Fundraising	55,116	-	-	55,116	8,389
Other program services	18,432	-	-	18,432	3,680
Student housing:					
Student housing	449,746	-	-	449,746	594,530
Other expenses:					
Depreciation and amortization	595,028	-	-	595,028	583,665
Interest expense	507,958	-	-	507,958	512,710
<b>Total Expenses</b>	<b>2,216,917</b>	<b>-</b>	<b>-</b>	<b>2,216,917</b>	<b>2,291,656</b>
<b>Change in Net Assets</b>	<b>1,598,334</b>	<b>271,021</b>	<b>247,333</b>	<b>2,116,688</b>	<b>1,709,519</b>
<b>Net Assets, Beginning of Year</b>	<b>5,912,368</b>	<b>5,335,824</b>	<b>6,029,038</b>	<b>17,277,330</b>	<b>15,567,811</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,510,702</b>	<b>\$ 5,606,845</b>	<b>\$ 6,276,371</b>	<b>\$ 19,394,018</b>	<b>\$ 17,277,330</b>

The accompanying notes are an integral part of the financial statements.

**LSU at Alexandria Foundation, Inc.**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2011 and 2010**

Exhibit C

	2011	2010
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,116,688	\$ 1,709,519
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	595,028	583,665
Unrealized (gain) loss on investments	(1,789,342)	(1,188,377)
Donation of art collection	(94,800)	-
Bad debt expenses	5,890	37,248
Prior period adjustment	-	202,085
Changes in operating assets and liabilities:		
Accounts receivable	14,880	(14,880)
Plédes receivable	593,135	(598,584)
Tenant receivables	(4,119)	(20,153)
Other receivables	(9,477)	-
Prepaid expenses	(7,618)	(1,396)
Inventory	(30,619)	28
Accounts payable	8,225	(86,171)
Accrued interest payable	(1,407)	(1,196)
Rental deposits	(1,241)	19,257
Deferred revenues	42,300	(7,488)
Other accrued expenses	57,045	(20,042)
<b>Net Cash Provided by Operating Activities</b>	<b>1,494,568</b>	<b>613,513</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(1,123,001)	(626,215)
Reinvestment of income from investments	(522,555)	(387,665)
Withdrawal of investments	544,572	560,922
Collections on long term unconditional promises to give	26,936	27,852
Cash paid for purchase of fixed asset	(5,827)	(78,354)
<b>Net Cash Used in Investing Activities</b>	<b>(1,079,875)</b>	<b>(503,460)</b>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long term debt	(159,835)	(110,000)
<b>Net Cash Used in Financing Activities</b>	<b>(159,835)</b>	<b>(110,000)</b>
<b>Increase (Decrease) in Cash</b>	<b>254,858</b>	<b>53</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,143,768</b>	<b>1,143,715</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,398,626</b>	<b>\$ 1,143,768</b>

**Additional required disclosures:**

1. LSU at Alexandria Foundation, Inc. considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No income taxes were paid during the current fiscal year.
3. Interest paid for the year ended June 30, 2011 amounted to \$507,958.
4. There were no material noncash financing transactions during the fiscal year ended June 30, 2011.  
Material noncash investing transactions during year consisted of:  
Donated artwork valued at \$94,800

The accompanying notes are an integral part of the financial statements.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**1. Nature of Activities and Significant Accounting Policies**

**Nature of Activities**

The LSU at Alexandria Foundation, Inc. is a nonprofit corporation formed to promote the educational and cultural welfare of Louisiana State University at Alexandria, Louisiana, by accepting gifts for the purpose of providing scholarships, aiding research, and such other designated projects for the benefit of the University. LSU at Alexandria Foundation, Inc. owns and operates Alexandria Museum of Art, LLC, which provides educational and cultural enrichment to students and promotes community awareness of the arts. LSU at Alexandria Foundation, Inc. also owns and operates The Oaks of Alexandria, LLC, which provides on-campus student housing.

**Consolidation**

The accompanying consolidated financial statements include the accounts of the LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries, the Alexandria Museum of Art, LLC, and The Oaks of Alexandria, LLC. All material intercompany transactions and balances have been eliminated in the consolidation.

**Significant Accounting Policies**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

The consolidated financial statements of LSU at Alexandria Foundation, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The accompanying consolidated financial statements of LSU at Alexandria Foundation, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America. It is the policy of LSU at Alexandria Foundation, Inc. to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

Cash in a checking account is deposited with one local financial institution for LSU at Alexandria Foundation, Inc., and in various separate checking accounts for the wholly owned subsidiaries, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured balances at June 30, 2011.

The LSU at Alexandria Foundation, Inc. considers cash in checking accounts and money market funds as cash and cash equivalents.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

Cash and cash equivalents reported in the consolidated statement of financial position includes \$1,028,896 which is restricted for debt service requirements related to revenue bonds.

**Promises to Give**

Unconditional promises to give are recognized as revenue in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value discounted to present value, using risk-free interest rates applicable to the years in which the promises are to be received. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

**Tenant Receivables**

Tenant receivables represent net unpaid lease obligations related to student housing at The Oaks of Alexandria, LLC. The allowance for uncollectible tenant receivables is assessed by management based on historical collection rates and aging of the uncollected accounts.

**Inventory**

Inventory consists of goods purchased for resale in the gift shop. It is reported at lower of cost or market, on a first-in, first-out basis.

**Investments**

The Foundation and its wholly owned subsidiaries carry investments with Louisiana State University Foundation and Central Louisiana Community Foundation. These funds are pooled and invested with funds from other similar organizations. Investments are reported at their market values in the consolidated statement of financial position as reported to LSU at Alexandria Foundation, Inc. by the investment administrators. Unrealized gains and losses are included in the change in net assets in the statement of activities. There are no known material unrecorded permanent market value declines in marketable securities.



**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**Property, Plant, and Equipment**

Purchased property and equipment is recorded at acquisition cost; donated property and equipment is recorded at its fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Repairs, maintenance, and minor replacements are charged to operations as incurred. Major replacements and improvements are capitalized at cost.

**Art Collection**

In 1977, the Museum elected to capitalize its collection. Items purchased are capitalized at their cost; items contributed are capitalized at their fair or appraised value at the accession date.

In 2009, the LSU at Alexandria Foundation, Inc. received donated artwork to be displayed on the campus of LSU at Alexandria. The artwork is capitalized in the statement of financial position at its appraised value at the accession date.

**Deferred Revenues**

Revenues for LSU at Alexandria Foundation, Inc. and Museum events are recorded as deferred if the related event is beyond the date of the statement of financial position. Such revenues are recognized when the event is held.

Tenant rental payments received on or before the financial statement date for subsequent rental periods are reported as deferred revenue in the statement of financial position. Such revenues are recognized in the period for which the rent is earned.

**Donated Services**

No amounts have been reflected in the financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs.

Substantial services and support are provided by LSU at Alexandria for the operation of LSU at Alexandria Foundation, Inc. and affiliates and pursuant to the management agreement discussed in Note 8. The value of this support has not been recorded in the accompanying financial statements as values were not readily determinable.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**Advertising Costs**

Advertising costs are expensed when incurred. Advertising costs charged to expense for the year ended June 30, 2011 totaled \$31,821.

**Concentrations**

LSU at Alexandria Foundation, Inc. and affiliates rely on support and revenues from donors and tenants associated with LSU at Alexandria. Housing is available only to qualifying students, therefore, ability to reach lease capacity is contingent on student interest and enrollment.

LSU at Alexandria Foundation, Inc. and its affiliate, Alexandria Museum of Art, LLC, rely on contributions and support from donors in the Central Louisiana area and on the performance of investments.

**Subsequent Events**

Management has evaluated subsequent events through November 22, 2011, the date which the financial statements were available for issue. There were no subsequent events that require disclosure except the change in university support related to Alexandria Museum of Art, LLC discussed in Note 16.

**2. Pledges Receivable and Unconditional Promises to Give**

Pledges receivable and unconditional promises to give at June 30, 2011, consist of the following:

Receivable in less than one year	\$ 59,746
Receivable in one to five years	<u>14,400</u>
Total pledges receivable	\$ 74,146

During 2003 an anonymous donor created a Charitable Lead Annuity Trust naming the Museum as one of the benefactors. The trust is for a period of ten years with the Museum receiving \$30,000 annually.

The annual payments due in more than one year are discounted to their present value using rates published by the Pension Benefit Guaranty Corporation. The published rate for June 2011 was four percent (4%). The total unamortized discount as of June 30, 2011, was \$1,409. The unconditional promises due in more than one year represent the future gifts from an irrevocable Charitable Lead Annuity Trust, therefore no provision for uncollectible promises is necessary.

In the opinion of management, all pledges receivable and unconditional promises to give at June 30, 2011 were considered to be collectible and an allowance for uncollectible pledges and promises to give was not considered necessary.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**3. Tenant Receivables**

Gross tenant receivables at June 30, 2011 totaled \$158,460. Tenant receivables in the statement of financial position are shown net of estimated uncollectible amounts of \$92,560. The allowance for uncollectible tenant receivables was determined by management's evaluation of individual student accounts and aging of those accounts.

**4. Investments**

**LSU Foundation Managed Assets**

On July 3, 1995, the LSU at Alexandria Foundation, Inc. entered into a management agreement with the LSU Foundation whereby the LSU Foundation shall hold funds on behalf of the LSU at Alexandria Foundation, Inc. solely for the purpose of investing the funds. The LSU Foundation may assess its standard management fees annually to cover its administrative costs. This agreement shall remain in effect until a 180-day written notice is given by either party to the other party.

Investments held by the LSU Foundation on behalf of the LSU at Alexandria Foundation, Inc. are reported at their fair values in the statement of financial position. As of June 30, 2011, investments in LSU Foundation managed assets are set forth below:

Investments at cost	\$ 11,951,112
Add:	
Unrealized gain	<u>2,310,213</u>
Market Value	\$ 14,261,325

**Beneficial Interest in Net Assets of Central Louisiana Community Foundation**

The Alexandria Museum of Art, LLC has established two endowment funds by transferring cash to the Central Louisiana Community Foundation. The Museum receives quarterly distributions of income from the operations endowment fund. Earnings from the collections endowment are reported as temporarily restricted income and may be requested for support and maintenance of the permanent art collection. The Alexandria Museum of Art, LLC may request distribution of all or part of the principal it contributes to the funds. The Board of the Foundation will grant such a request if it concludes that such a distribution is consistent with the charitable purposes of the Foundation, which may be deferred for up to 90 days in order to permit orderly and timely liquidation of assets to meet the request. The funds may be charged regularly for a proper allocation of direct and indirect expenses attributable to the creation and maintenance of the funds. The Foundation has the authority to vary the terms of the gift. The Foundation will notify the Museum within 30 days following any decision of the Board of Trustees of the Foundation to exercise this variance power. If the Foundation ceases to be a qualified charitable organization or if the Foundation proposes to dissolve, the assets of the funds shall be distributed to the Alexandria Museum of Art, LLC. At that time if the Alexandria Museum of Art, LLC is not then a qualified charitable organization, the Foundation shall distribute the assets of the funds in a manner and to any organization serving the Central Louisiana Community that satisfy the requirements of a qualified charitable organization and serve purposes similar to those of the Alexandria Museum of Art, LLC. There were no transfers to these funds during the year ended June 30, 2011. Withdrawals from these funds totaled \$46,434. Investment fees assessed by the Central Louisiana Community Foundation during the year totaled \$7,907. The beneficial interest in net assets of Central Louisiana Community Foundation is presented in the financial statements at fair value of \$1,354,478 at June 30, 2011. Investment earnings on the fund totaled \$32,775. There were no realized gains or losses, and unrealized gains totaled \$190,530 for the year ended June 30, 2011.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

Description	Fair Value Measurement at Reporting Date Using			
	Total 06/30/11	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments held by LSU Foundation	\$ 14,261,325	\$ -	\$ 14,261,325	\$ -
Beneficial interest in Net Assets of Central LA Community Foundation	\$ 1,354,478	\$ -	\$ 1,354,478	\$ -

**5. Property, Plant, and Equipment**

The following schedule summarizes estimated useful life, cost, and accumulated depreciation of property, plant, and equipment of the wholly owned subsidiaries as of June 30, 2011:

	Life	
Land		\$ 276,979
Building and improvements	40 Years	13,371,688
Furniture and equipment	5 – 7 Years	866,580
Website	3 Years	162,500
Computer software	3 Years	6,029
		<u>14,683,776</u>
Less: Accumulated Depreciation		<u>3,569,574</u>
		\$ 11,114,202

Depreciation expense was \$595,028 for the year ended June 30, 2011.

**6. Note Payable – Line of Credit**

During the year ended June 30, 2011, the Museum paid off the principal balance due of \$29,835 on the \$50,000 line of credit it had with a local bank. The line of credit was secured by furniture and equipment and carried an interest rate of 4.75%. Interest paid during the year ended June 30, 2011 on this line of credit totaled \$1,720.

**7. Other Accrued Expenses**

LSU at Alexandria assesses charges for student housing to student accounts and remits payment to The Oaks of Alexandria, LLC prior to full collection from the student. Other accrued expenses represents management's estimate of student lease payments made to The Oaks of Alexandria, LLC pursuant to the facility management agreement that may be subject to repayment to LSU at Alexandria if the student accounts held by the university are not paid within three years.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**8. Bonds Payable**

Pursuant to a bond indenture and related agreements dated October, 10, 2006, Louisiana State University at Alexandria Foundation, through its wholly-owned subsidiary, The Oaks of Alexandria, L.L.C. borrowed \$11,905,000 through a loan agreement with the Louisiana Public Facilities Authority, and in conjunction with the issuance of this same amount in revenue bonds designated "Louisiana Public Facilities Authority Revenue Bonds (The Oaks of Alexandria, L.L.C.-Louisiana State University at Alexandria Student Housing Project), Series 2006."

The proceeds from the sale of the bonds were used for the purpose of financing, planning, designing, constructing, furnishing and equipping residence facilities for use by Louisiana State University at Alexandria. The proceeds were also used to establish a debt service reserve fund, and to provide for capitalized interest and for a portion of the costs of issuance.

The bonds are controlled by the bond trust indenture, which requires that the net proceeds be deposited and held by the trustee, Regions Bank. In addition, LSU at Alexandria Foundation, Inc. is subject to certain covenants that are detailed in the trust indenture document. The bonds are nonrecourse to the Foundation.

The bonds mature on the dates and in the principle installments set forth in the following table:

<u>Maturity</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2011	\$ 150,000	5.000%
2012	165,000	4.000
2013	190,000	5.000
2014	225,000	5.000
2015	250,000	5.000
2016	325,000	5.000
2017	340,000	4.000
2018	350,000	4.000
2024	2,445,000	4.125
2029	2,560,000	4.250
2036	4,665,000	4.375
	<u>\$ 11,665,000</u>	

Interest expense on bonds payable totaled \$506,238 for the year ended June 30, 2011.

The Foundation originally entered into a Facility Management Agreement with Campus Advantage, Inc. for the purpose of opening, managing, and operating the residence facilities described above. That agreement was terminated in November 2008 by mutual consent. A management agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College acting through Louisiana State University at Alexandria was entered into for an initial term of five years. This agreement will automatically renew for additional one year periods unless terminated in writing by either party at least ninety days prior to the end of the current or renewal term.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**9. Endowments**

The endowments held by the Foundation consist of donor-restricted endowment funds and funds designated by the Foundation board to function as endowments. Endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following as permanently restricted net assets:

- a. The original value of gifts donated to the permanent endowment;
- b. The original value or subsequent gifts to the permanent endowment; and
- c. Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making decisions related to appropriations for expenditures or accumulations of donor-restricted endowment funds:

1. The duration and preservation of the various funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The Foundation's investment policies.

*Investment Return Objectives, Risk Parameters, and Strategies*

The investment policies of the Foundation emphasize total return. Adherence to a sound long-term investment policy balancing short-term spending needs with the preservation of the real inflation-adjusted value of assets is a primary importance. The Foundation expects to attain an inflation-adjusted minimum average annual return, net of fees, over a rolling five year period. This real return is defined as the sum of capital appreciation (loss) and current income (interest and dividends) adjusted for inflation as measured by the Consumer Price Index. Investment policies are based on principles of responsible financial stewardship, as well as ethical and social stewardship. The Foundation is committed to a diversified asset allocation strategy, consisting primarily of domestic equities, international equities, domestic fixed income, hedge funds, and real estate.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

**10. Restrictions on Net Assets**

Temporarily restricted net assets of LSU at Alexandria Foundation, Inc. at June 30, 2011, are available for the following purposes:

Salaries and benefit supplements, scholarships, and other supporting services of Louisiana State University at Alexandria and the Alexandria Museum of Art, LLC	\$ 5,606,945
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Permanently restricted net assets consist of the following at June 30, 2011:

Endowment funds for the benefit of Louisiana State University at Alexandria	\$ 5,759,087
Endowment for collection and operations of Alexandria Museum Association, LLC	<u>517,284</u>
	\$ 6,276,371

**11. Grants**

During the fiscal year ended June 30, 1993, the LSU at Alexandria Foundation, Inc. received a \$1,000,002 Endowment Challenge Grant. The grant period is June 30, 1993 to May 31, 2013. Under the terms of the Endowment Challenge Grant Program, LSU at Alexandria Foundation, Inc. must deposit the \$1,000,002 grant funds along with \$500,001 matching funds into an endowment fund. During the 20-year grant period, the LSU at Alexandria Foundation, Inc. may not withdraw or spend any part of the endowment fund corpus or more than fifty (50) percent of the aggregate income earned. Grant funds totaling \$104,950 were received during the year ended June 30, 2011 under this program.

**12. Income Taxes**

The LSU at Alexandria Foundation, Inc. and affiliates are exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable State Law. All are classified as an exempt organizations other than private foundations.

**13. Contributed Services and Property**

The LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries receives a significant amount of donated services and use of facilities from Louisiana State University at Alexandria (the University). University employees and unpaid volunteers assist in operations, fundraising, special projects and programs. No amounts have been recognized in the statement of activities as the value of the services and use of facilities was not readily determinable. Continued support from the University is directly dependent on funding the University receives. Budget cuts to the University could adversely impact the support available to LSU at Alexandria Foundation, Inc. and its affiliates.

The City of Alexandria began, on December 15, 2006, providing utilities for the operation of the Alexandria Museum of Art, LLC. The fair value of the use of provided utilities for the current year was \$38,000.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2011**

**Notes to Financial Statements**

Donated property, when received, is reflected as a contribution in the accompanying statements at its estimated fair market values. The value of donated fundraising items is not recorded as contributions because there is not a fair basis for valuing them.

**14. Commitments and Contingencies**

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grant.

**15. Restatement of Prior Year Financial Statements**

The June 30, 2010 financial statements were restated to reflect the following:

Amounts due to The Oaks of Alexandria, LLC, from Louisiana State University at Alexandria for capital assets related to construction of apartments and insurance:

Decrease in property, plant and equipment and related recalculation of accumulated depreciation	\$ 337,804
Decrease in accounts payable	258,532
Decrease in net assets	79,272
Increase in depreciation expense	44,898
Decrease in insurance expense	56,447

Amount due to Alexandria Museum of Art, LLC from Louisiana State University at Alexandria for insurance

Increase in accounts receivable	\$ 14,880
Decrease in insurance expense	14,880

**16. University Support to Alexandria Museum of Art, LLC**

On July 1, 2011, Louisiana State University at Alexandria discontinued funding certain expenses essential to the operation of the Museum. The Museum must seek other funding to cover the expenses previously funded by the University. Such expenses include salaries and related expenses of Museum staff, professional accounting services, and maintenance costs estimated at approximately \$222,700. The value of these expenses paid by the University on behalf of the Museum during years ending June 30, 2011 and June 30, 2010 is not included in the accompanying financial statements.



### **Additional Information**

**LSU at Alexandria Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2011 and 2010**

**Schedule 1**

<b>Assets</b>		<b>2011</b>	<b>2010</b>
<b>Current Assets</b>			
Cash and cash equivalents		\$ 88,377	\$ 45,718
Pledges receivable, net		-	601,050
Prepaid expenses		6,500	1,925
Inventory		29,732	-
Due from affiliates		43,530	59,541
Total Current Assets		<u>168,139</u>	<u>708,234</u>
Investments in LSU Foundation managed assets, at fair value		14,261,325	11,549,485
Art Collection		<u>60,788</u>	<u>50,788</u>
<b>Total Assets</b>		<u><u>\$ 14,490,252</u></u>	<u><u>\$ 12,308,507</u></u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable		\$ 891	\$ 1,506
Deferred revenues		<u>11,000</u>	<u>-</u>
		11,891	1,506
<b>Net Assets</b>			
Unrestricted		3,199,508	1,523,325
Temporarily restricted		5,519,766	5,271,922
Permanently restricted		<u>5,759,087</u>	<u>5,511,754</u>
Total Net Assets		<u>14,478,361</u>	<u>12,307,001</u>
<b>Total Liabilities and Net Assets</b>		<u><u>\$ 14,490,252</u></u>	<u><u>\$ 12,308,507</u></u>

See independent auditor's report.

LSU at Alexandria Foundation, Inc.  
Statements of Activities  
Years Ended June 30, 2011 and 2010

Schedule 2

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>					
Contributions	\$ 34,877	\$ 67,706	\$ 228,343	\$ 330,926	\$ 1,072,684
Interest and dividends	14,148	411,872	8,990	435,010	346,246
Noncash support	-	-	10,000	10,000	-
Fundraising	9,480	177,926	-	187,406	25,000
Unrealized/realized gain (loss) on investments	1,625,877	-	-	1,625,877	1,060,961
Baseball/Softball athletic boosters	-	7,038	-	7,038	74,348
Other income and support	4,013	-	-	4,013	-
Net assets released from restrictions	416,698	(416,698)	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	2,105,093	247,844	247,333	2,600,270	2,579,239
<b>Expenses</b>					
Baseball/Softball athletic boosters	14,626	-	-	14,626	75,122
Fundraising	61,741	-	-	61,741	3,750
Investment management fees	138,997	-	-	138,997	138,649
Miscellaneous	-	-	-	-	128
Office supplies	5,347	-	-	5,347	1,562
Official functions	32,505	-	-	32,505	45,806
Operating services	9,031	-	-	9,031	4,289
Professional services	20,195	-	-	20,195	32,754
Professorships	39,158	-	-	39,158	27,368
Registration fees	-	-	-	-	1,438
Staffing services	15,262	-	-	15,262	5,708
Scholarships and awards	91,400	-	-	91,400	95,505
Supplies	-	-	-	-	6,040
Travel	648	-	-	648	13,055
Total Expenses	428,910	-	-	428,910	451,174
<b>Change in Net Assets</b>	1,676,183	247,844	247,333	2,171,360	2,128,065
<b>Net Assets, Beginning of Year</b>	1,523,325	5,271,922	5,511,754	12,307,001	10,178,936
<b>Net Assets, End of Year</b>	<u>\$ 3,199,508</u>	<u>\$ 5,519,766</u>	<u>\$ 5,759,087</u>	<u>\$ 14,478,361</u>	<u>\$ 12,307,001</u>

See independent auditor's report.

**Alexandria Museum of Art, LLC**  
**Statements of Financial Position**  
**June 30, 2011 and 2010.**

**Schedule 3**

<b>Assets</b>		<b>2011</b>	<b>2010</b>
<b>Current Assets</b>			
Cash and cash equivalents		\$ 160,015	\$ 43,931
Accounts receivable		-	14,880
Unconditional promises to give		59,746	51,831
Prepaid expenses		3,803	760
Inventory		1,153	266
Total Current Assets		<u>224,717</u>	<u>111,668</u>
Beneficial interest in Net Assets of Central LA Community Foundation		1,354,478	1,185,514
Property, Plant, and Equipment, Net of Accumulated Depreciation		3,362,639	3,478,089
Art Collection		2,639,807	2,555,007
Long-Term Unconditional Promises to Give		<u>14,400</u>	<u>41,336</u>
<b>Total Assets</b>		<u><b>\$ 7,596,041</b></u>	<u><b>\$ 7,371,614</b></u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 4,536	\$ 864
Due to affiliates		43,530	59,541
Note payable - line of credit		-	29,835
Accrued interest payable		-	95
Rental deposits		3,778	7,559
Deferred revenues		11,826	7,090
Other accrued expenses		13,190	-
Total Current Liabilities		<u>76,860</u>	<u>104,984</u>
<b>Net Assets</b>			
Unrestricted		6,914,718	6,685,344
Temporarily restricted		87,179	64,002
Permanently restricted		517,284	517,284
Total Net Assets		<u>7,519,181</u>	<u>7,266,630</u>
<b>Total Liabilities and Net Assets</b>		<u><b>\$ 7,596,041</b></u>	<u><b>\$ 7,371,614</b></u>

See independent auditor's report.

**Alexandria Museum of Art, LLC**  
**Statements of Activities**  
**Years Ended June 30, 2011 and 2010**

Schedule 4

	2011			2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>				
Contributions	\$ 11,980	\$ -	\$ -	\$ 39,840
Memberships	3,990	-	-	9,785
Program fees	18,761	-	-	13,036
Fundraising	114,955	-	-	7,990
Interest and dividends	32,840	30,128	-	41,419
Noncash support	124,398	-	-	41,146
Unrealized/realized gain (loss) on investments	163,465	-	-	127,416
Other income and support	107,401	-	-	69,340
Net assets released from restrictions	6,951	(6,951)	-	-
<b>Total Revenues, Gains (Losses), and Reclassifications</b>	<b>584,741</b>	<b>23,177</b>	<b>-</b>	<b>349,972</b>
<b>Expenses</b>				
Administration	108,737	-	-	114,939
Education	10,544	-	-	6,103
Exhibits	42,446	-	-	16,466
Fundraising	55,116	-	-	8,389
Other program services	18,432	-	-	3,680
Depreciation and amortization	118,372	-	-	116,812
Interest expense	1,720	-	-	1,440
<b>Total Expenses</b>	<b>355,367</b>	<b>-</b>	<b>-</b>	<b>287,829</b>
<b>Change in Net Assets</b>	<b>229,374</b>	<b>23,177</b>	<b>-</b>	<b>82,143</b>
<b>Net Assets, Beginning of Year</b>	<b>6,685,344</b>	<b>64,002</b>	<b>517,284</b>	<b>7,184,487</b>
<b>Net Assets, End of Year</b>	<b>\$ 6,914,718</b>	<b>\$ 87,179</b>	<b>\$ 517,284</b>	<b>\$ 7,266,630</b>

See independent auditor's report.

**Alexandria Museum of Art, LLC**  
**Schedules of Administration Expenses**  
**Years Ended June 30, 2011 and 2010**

**Schedule 5**

	<b>2011</b>	<b>2010</b>
Bank charges	\$ 2,521	\$ 2,086
Investment fees	7,907	7,147
Computer and equipment maintenance	1,644	1,755
Dues	1,450	1,754
Marketing	6,741	4,293
Miscellaneous	270	86
Office supplies	3,943	1,177
Postage and freight	1,459	2,018
Printing	74	-
Professional fees	4,907	1,900
Repairs and maintenance	15,786	44,133
Salaries and wages	16,503	-
Security	3,314	2,638
Telephone	266	6,110
Travel and entertainment	3,952	1,509
Utilities	38,000	38,333
<b>Total</b>	<b>\$ 108,737</b>	<b>\$ 114,939</b>

See independent auditor's report.

**The Oaks of Alexandria, LLC**  
**Statements of Financial Position**  
**June 30, 2011 and 2010**

Schedule 6

<b>Assets</b>	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,150,234	\$ 1,054,119
Tenant receivables, net	65,900	67,671
Other receivables	9,477	-
Total Current Assets	<u>1,225,611</u>	<u>1,121,790</u>
 <b>Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	 7,751,563	 8,198,328
 <b>Bond Issuance Costs, Net of Accumulated Amortization</b>	 440,962	 458,426
 <b>Other Assets</b>	 <u>250</u>	 <u>250</u>
 <b>Total Assets</b>	 <u><u>\$ 9,418,386</u></u>	 <u><u>\$ 9,778,794</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 126,125	\$ 120,957
Accrued interest payable	126,245	127,557
Bonds payable	150,000	130,000
Rental deposits	28,933	26,393
Deferred revenues	26,564	-
Other accrued expenses	49,043	5,188
Total Current Liabilities	<u>506,910</u>	<u>410,095</u>
 <b>Other Liabilities</b>		
Bonds payable	11,515,000	11,665,000
 <b>Net Assets</b>		
Unrestricted	(2,603,524)	(2,296,301)
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	<u>(2,603,524)</u>	<u>(2,296,301)</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 9,418,386</u></u>	 <u><u>\$ 9,778,794</u></u>

See independent auditor's report.

**The Oaks of Alexandria, LLC**  
**Statements of Activities**  
**Years Ended June 30, 2011 and 2010**

Schedule 7

	2011			2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>				
Student housing income	\$ 1,079,356	\$ -	\$ -	\$ 1,079,356
Other housing income	45,940	-	-	45,940
Interest and dividends	121	-	-	121
<b>Total Revenues, Gains, and Reclassifications</b>	<b>1,125,417</b>	<b>-</b>	<b>-</b>	<b>1,125,417</b>
<b>Expenses</b>				
Staffing services	103,894	-	-	103,894
Repairs and maintenance	36,349	-	-	36,349
Turnover	40,189	-	-	40,189
Common area	1,706	-	-	1,706
Utilities	190,438	-	-	190,438
Marketing and leasing	25,080	-	-	25,080
Resident life	6,485	-	-	6,485
Food service	1,002	-	-	1,002
General and administrative	28,003	-	-	28,003
Professional fees	18,600	-	-	18,600
Depreciation and amortization	476,656	-	-	476,656
Interest expense	506,238	-	-	506,238
<b>Total Expenses</b>	<b>1,432,640</b>	<b>-</b>	<b>-</b>	<b>1,432,640</b>
<b>Change in Net Assets</b>	<b>(307,223)</b>	<b>-</b>	<b>-</b>	<b>(307,223)</b>
<b>Net Assets, Beginning of Year As Restated</b>	<b>(2,296,301)</b>	<b>-</b>	<b>-</b>	<b>(2,296,301)</b>
<b>Net Assets, End of Year</b>	<b>\$ (2,603,524)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,603,524)</b>

See independent auditor's report.